

# Kentucky Employees Health Plan

Interim Joint Committee on State Government

September 27, 2006



# 2007 Benefit Plan

- 2006 Existing Plans (Commonwealth Essential, Commonwealth Enhanced & Commonwealth Premier) – **No Benefit Changes for 2007**
- **Passive Open Enrollment**
- New 4th Consumer Driven Option – **Commonwealth Select**
- 2007 waiver amount will be \$175, consistent with parameters in HB380\*

\* HB380 Mandated the change from an FSA to an HRA for waivers.

# 2007 Benefit Plan

## New 4<sup>th</sup> Option\* – Commonwealth Select

	(In Network)	(Out-of-Network)
<ul style="list-style-type: none"> <li>• <b>HRA amount</b> <ul style="list-style-type: none"> <li>– Single</li> <li>-- Couple</li> <li>-- Parent Plus</li> <li>– Family</li> </ul> </li> <li>• <b>Physician services</b> <ul style="list-style-type: none"> <li>– Physician</li> <li>– Specialist</li> </ul> </li> <li>• Pharmacy</li> <li>• Preventative</li> <li>• <b>Hospital services</b> <ul style="list-style-type: none"> <li>– Inpatient</li> <li>– Emergency room</li> </ul> </li> <li>• <b>Deductible**</b> <ul style="list-style-type: none"> <li>– Individual</li> <li>– Family</li> </ul> </li> <li>• Coinsurance</li> <li>• <b>Out-of-pocket max**</b> <ul style="list-style-type: none"> <li>– Individual</li> <li>– Family</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>\$1,000</li> <li>\$1,500</li> <li>\$1,500</li> <li>\$2,000</li> <li>Subject to deductible and coinsurance – 90/10</li> <li>Subject to deductible and coinsurance First dollar – Not subject to deductible</li> <li>Subject to deductible and coinsurance</li> <li>\$2,000</li> <li>\$3,000</li> <li>10%</li> <li>\$3,000</li> <li>\$4,500</li> </ul>	<ul style="list-style-type: none"> <li>\$1,000</li> <li>\$1,500</li> <li>\$1,500</li> <li>\$2,000</li> <li>Subject to deductible and coinsurance – 60/40</li> <li>Subject to deductible and coinsurance Not Covered</li> <li>Subject to deductible and coinsurance</li> <li>\$2,000</li> <li>\$3,000</li> <li>40%</li> <li>\$4,000</li> <li>\$6,000</li> </ul>

\* The new 4<sup>th</sup> option is planned for active employees in 2007.

\*\* For the deductible and out-of-pocket maximums, “Family” means any coverage other than single.

# 2007 Benefit Plan

- **Commonwealth Select - Items of note:**
  - **HRA dollars can be used for all qualified medical expenses (co-payments, coinsurance, deductibles, qualified OTC products, etc.)**
  - **Rollover of the HRA dollars is allowable for those who remain enrolled in the Commonwealth Select option**
  - **Planned for active employees in 2007**

# General Observations

- Benefits have remained relatively unchanged for the PPO Plans since 1999:
  - Office Visit Co-payments - \$10 per visit
  - Pharmacy Co-payments - \$10/\$15/\$30 through 2005; \$5/\$15/\$30 in 2006
  - Mail-order pharmacy added in 2003 – 3 months' supply for two months' co-payment
    - In 2007, only one 30-day fill at retail will be required prior to filling prescriptions through mail-order
  - Deductibles - \$250 per individual, \$500 per family
  - Out-of-pocket limits - \$1,250 per individual, \$2,500 per family
  - Limit on Preventive Services removed in 2006

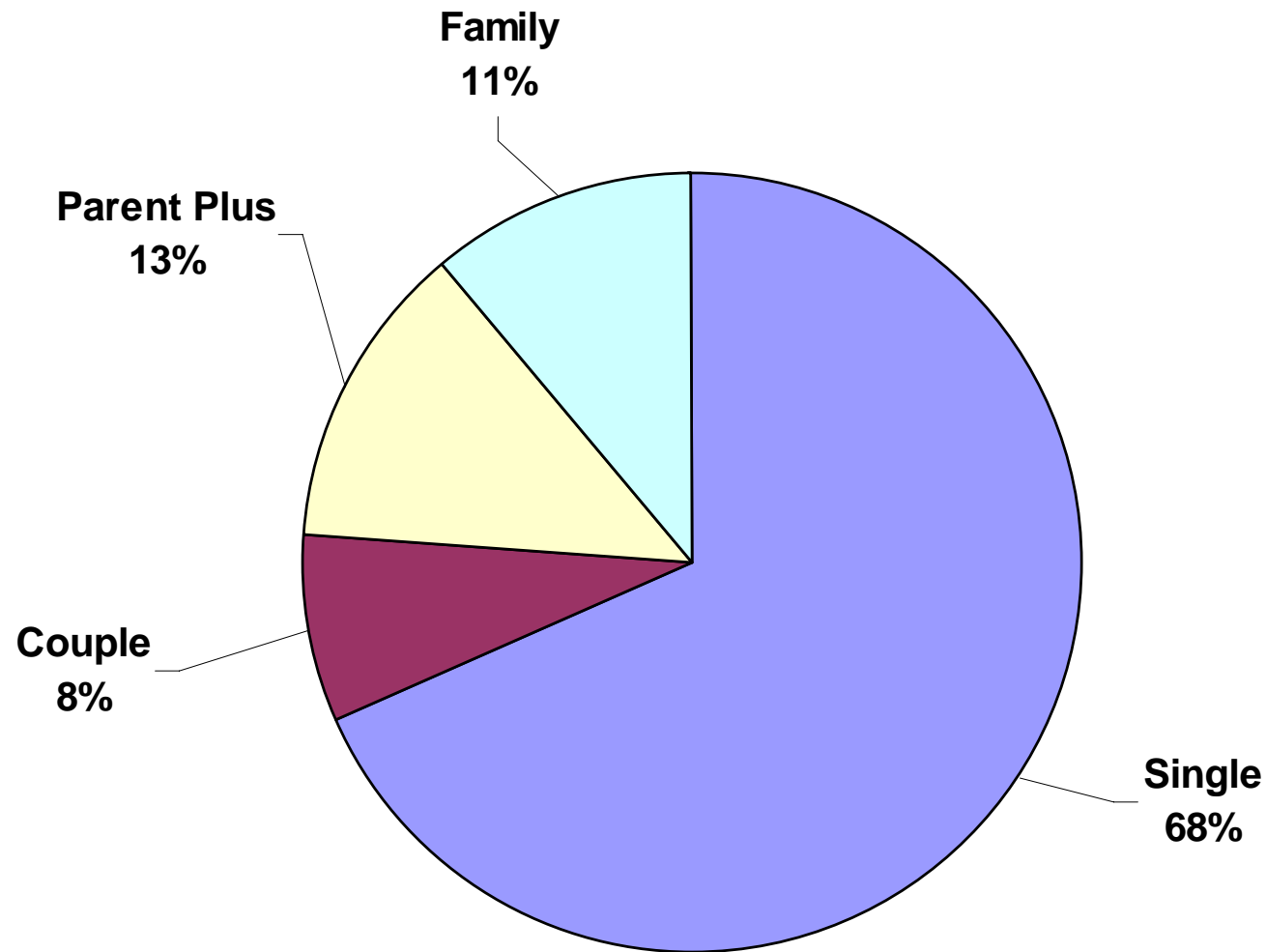
# Non-Smoker Premium Rates

Essential Plan	Total Premium		Percent Increase '06 to '07	Employee Contribution		Employer Contribution	
	2006	2007		2006	2007	2006	2007
Parent Plus	\$ 550.62	\$ 583.28	5.93%	\$ 55.00	\$ 58.26	\$ 495.62	\$ 525.02
Couple	\$ 845.36	\$ 895.50		\$ 259.52	\$ 274.90	\$ 585.84	\$ 620.60
Family	\$ 942.72	\$ 998.64		\$ 320.14	\$ 339.12	\$ 622.58	\$ 659.52
Cross-ref	\$ 471.36	\$ 499.32		\$ -	\$ -	\$ 471.36	\$ 499.32
Enhanced Plan	Total Premium		Percent Increase '06 to '07	Employee Contribution		Employer Contribution	
	2006	2007		2006	2007	2006	2007
Single	\$ 432.08	\$ 457.70	5.93%	\$0.00	\$0.00	\$ 432.08	\$ 457.70
Parent Plus	\$ 662.71	\$ 702.02		\$ 114.00	\$ 120.76	\$ 548.71	\$ 581.26
Couple	\$ 1,014.67	\$ 1,074.84		\$ 357.72	\$ 378.92	\$ 656.95	\$ 695.92
Family	\$ 1,130.82	\$ 1,197.92		\$ 429.24	\$ 454.72	\$ 701.58	\$ 743.20
Cross-ref	\$ 565.41	\$ 598.96		\$ 9.72	\$ 10.30	\$ 555.69	\$ 588.66
Premier Plan	Total Premium		Percent Increase '06 to '07	Employee Contribution		Employer Contribution	
	2006	2007		2006	2007	2006	2007
Single	\$ 447.20	\$ 473.72	5.93%	\$18.20	\$19.28	\$ 429.00	\$ 454.44
Parent Plus	\$ 688.87	\$ 729.74		\$ 170.38	\$ 180.48	\$ 518.49	\$ 549.26
Couple	\$ 1,048.68	\$ 1,110.88		\$ 398.66	\$ 422.30	\$ 650.02	\$ 688.58
Family	\$ 1,168.62	\$ 1,237.96		\$ 474.74	\$ 502.90	\$ 693.88	\$ 735.06
Cross-ref	\$ 584.31	\$ 618.98		\$ 33.08	\$ 35.04	\$ 551.23	\$ 583.94
Select Plan	Total Premium		Percent Increase '06 to '07	Employee Contribution		Employer Contribution	
	2006	2007		2006	2007	2006	2007
Single	n/a	\$ 443.30	n/a	n/a	\$0.00	n/a	\$ 443.30
Parent Plus	n/a	\$ 664.94		n/a	\$ 92.88	n/a	\$ 572.06
Couple	n/a	\$ 934.94		n/a	\$ 285.54	n/a	\$ 649.40
Family	n/a	\$ 1,066.60		n/a	\$ 341.58	n/a	\$ 725.02
Cross-ref	n/a	\$ 533.30		n/a	\$7.74	n/a	\$ 525.56

# Self-Insurance

- For the purposes of the biennial budget, the preliminary health insurance plans for 2007 were developed in late 2005
  - At that time, we projected premium increases of 9%, and a \$5 increase in the office visit and out patient diagnostic co-pay
- Because of plan design and enhanced cooperation between the Executive branch, Legislative branch and employee advocate groups, **there are no changes in the benefits for the three existing health plans in 2007**
- Premiums increased by only 5.93% - **30% lower** than our earliest projections and **50% lower** than national health trends

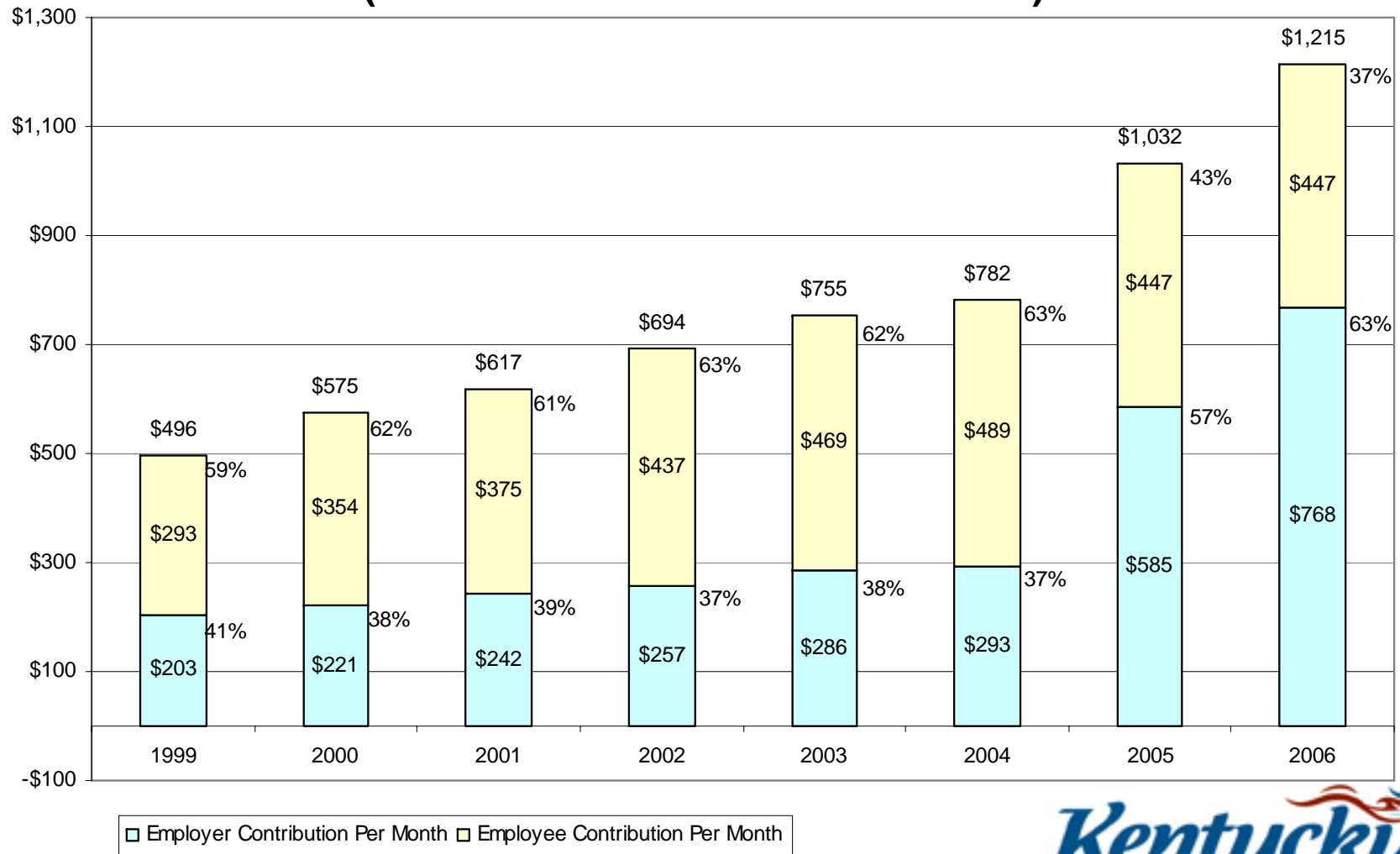
# Enrollment by Coverage Level - June 2006





# Employer vs. Employee Contributions

## Average Monthly Contribution - Family Coverage (Excludes Cross-Reference Totals)



# Self-Insurance

- Led by Governor Fletcher
- Supported by the General Assembly and employee advocate groups
- Our best hope to ensure stability of benefits and sustainability to the plan
  - It increases our ability to control costs and reduce administrative expenses
  - It no longer pays risk charges and margins to insurance companies
  - Change to the plan is transparent to the members
  - Investment in our members' health and benefits